

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-08 ARA-06 EA-07 EUR-12 NEA-10 FEA-01

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 AGRE-00 /124 W
----- 034586

R 281828Z SEP 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 5466

INFO ALL EC CAPITALS 0195

USDEL MTN GENEVA

AMEMBASSY MONTEVIDEO

AMEMBASSY TEHRAN

C O N F I D E N T I A L PARIS 28442

DEPT PASS AGRICULTURE AND STR

E.O. 11652: GDS

TAGS: EAGR, ECIN, ETRD, CIEC, MTN, FR

SUBJ: IFAD-CIEC; MTN

REFS: A. STATE 224063 (NOTAL); B. MTN GENEVA 744L
(NOTAL)

1. IFAD PROSPECTS IMPROVING? FROMENT-MEURICE,
DIRECTOR OF ECONOMIC AND FINANCIAL AFFAIRS, MFA, ON
SEPTEMBER 24 TOLD MINECON THAT HE WAS QUOTE A LITTLE
OPTIMISTIC UNQUOTE THAT INCREASED SUBSCRIPTION FOR
IFAD MIGHT BE FORTHCOMING FROM VARIOUS SOURCES,
INCLUDING OPEC (BUT NO RPT NO INCREASED FRENCH SUBSCRIP-
TION MENTIONED), ALTHOUGH PARITY PRINCIPLE WOULD HAVE TO
BE INTERPRETED LIBERALLY. HE SUGGESTED THAT IT HAD
OCCURRED TO HIM THAT IT MIGHT BE DESIRABLE TO USE CIEC
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AS VEHICLE FOR ACHIEVING FINAL AGREEMENT, ADDING THAT IN

THIS INSTANCE HE WAS NOT RPT NOT SPEAKING FOR HIS GOVERNMENT.

2. ON MTN FROMENT-MEURICE SAID HE WAS INCREASINGLY ANXIOUS ABOUT AGRICULTURE, AS MORE EVIDENCE COMES IN FROM GENEVA THAT USG EMBARKED ON CONFRONTATIONAL COURSE AIMED AT CAP. HARKING BACK TO FROMENT-MEURICE'S EXPRESSION OF CONCERN IN AUGUST WITH RESPECT TO PUBLIC STATEMENT OF USG OFFICIAL IN MONTEVIDEO ATTACKING CAP (REF A), MINECON REPORTED THAT WORD HAD BEEN RECEIVED THAT THIS HAD BEEN A PRIVATE MEETING AT WHICH A REPORTER HAD SLIPPED IN AND THEREAFTER WRITTEN AN UNAUTHORIZED AND DISTORTED ACCOUNT OF WHAT HAD BEEN SAID. IN ANY CASE, MINECON REITERATED THAT IT IS NOT RPT NOT USG POLICY TO ATTACK CAP. HE ADDED THAT U.S. REPS IN FACT WORRYING THAT EC SEEMS TO BE CONSIDERING EMBARKING ON CONFRONTATIONAL COURSE IN GENEVA WITH RESPECT TO AGRICULTURE (REF B), AND WONDERED OUT LOUD IF THE TIME HAD NOT COME TO START TALKING ABOUT SUBSTANCE AND NOT REMAIN FOREVER HUNG UP ON PROCEDURE. FROMENT-MEURICE ASSERTED THAT HE THOUGHT IT WAS FAIR TO STATE THAT MANY USG ACTIONS AND REQUESTS IN GENEVA ALL SUGGEST THAT DISMANTLING OF CAP IS ULTIMATE U.S. GOAL.

3. COMMENT: THIS THEME OF USG VS. CAP IS RECURRING MORE AND MORE IN GOF ECON CIRCLES. THIS IS UNFORTUNATE AND POSSIBLY COUNTERPRODUCTIVE BECAUSE INTERNAL DEVELOPMENTS ARE ALREADY FORCING FRANCE TO REEVALUATE ITS AGRICULTURAL POLICY, WHICH HAS RECEIVED CONSIDERABLE CRITICISM INTERNALLY AS INCREASED TAXES TO COMPENSATE FARMERS FOR DROUGHT LOSSES SERVED TO HIGHLIGHT LARGE INCOME TRANSFERS TO AGRICULTURE. IN SPITE OF HIGH EC PRICE SUPPORTS, REAL FARM INCOME IN FRANCE HAS DECLINED 21 PERCENT IN PAST THREE YEARS, YET FOOD PRICES HAVE RISEN 34 PERCENT. CLEARLY NEITHER FRENCH FARMERS NOR CONSUMERS ARE BENEFITING FROM CURRENT EC PRICE SUPPORT POLICY; DEMANDS ANTICIPATED FROM FARMERS ON ORDER OF 15-20 PERCENT INCREASE IN PRICE SUPPORTS FOR NEXT YEAR TO "COMPENSATE" FOR PAST LOSSES WILL SERIOUSLY UNDERMINE GOF PRIORITY OBJECTIVE OF CONTROLLING INFLATION. ADVERSE
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COMMENTS ABOUT THE CAP ONLY FORCE GOF OFFICIALS TO DEFEND IT SO AS TO MAINTAIN FARM SUPPORT, AND THUS HINDER POSSIBILITIES FOR RATIONALIZING FRENCH AGRICULTURAL POLICY. GOF ANXIETY ABOUT AGRICULTURE IN MTN IS A POSITIVE SIGN THAT FRANCE IS PERHAPS BECOMING MORE SERIOUSLY CONCERNED ABOUT COMPLETING THE MTN. BROADSIDE ATTACKS ON THE CAP -- FROM U.S. OR ELSEWHERE, BUT PARTICULARLY FROM U.S. -- ONLY PROVIDE THEM WITH

CONVENIENT EXCUSES FOR NOT NEGOTIATING.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, ECONOMIC PROGRAMS, FINANCIAL CONTRIBUTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PARIS28442
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760366-0688
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760912/aaaaajwt.tel
Line Count: 117
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 224063, 76 MTN GENEVA 744
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 26 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 APR 2004 by CollinP0>; APPROVED <11 AUG 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IFAD-CIEC; MTN
TAGS: EAGR, ECIN, ETRD, FR, MTN, CIEC, (FROMENT-MEURICE, HENRI)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006